

# INTEGRATION NEWSLETTER

## PAREX INTEGRATION COMPLETED AND MANY MORE SUCCESS STORIES



### TOTAL SYNERGIES

Exceeding  
guidance for  
2020

### BUILDING FINISHING

One year after  
establishment

### PROCUREMENT

Great achievement  
of regional teams

### DIGITAL

Leveraging  
in-house  
expertise

**BUILDING TRUST**



# PAREX INTEGRATION SUCCESSFULLY COMPLETED:

**CHF 100 MILLION**  
TOTAL SYNERGIES  
CONFIRMED

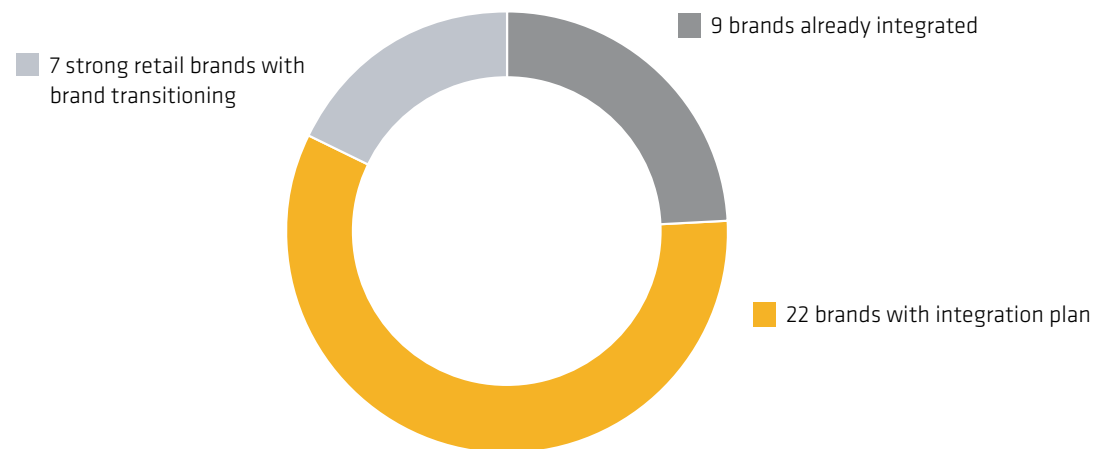
**CHF 55 MILLION**  
SYNERGIES ACHIEVED IN 2020

**23 COUNTRIES**  
WITH FULLY INTEGRATED  
TEAMS

**9 BRANDS**  
ALREADY FULLY  
INTEGRATED

**22 BRANDS**  
WITH FULL INTEGRATION PLANNED IN 2 – 4 YEARS  
AND LEVERAGE OF FULL POTENTIAL

## BRAND INTEGRATION:



## DEAR FRIENDS

I would like to congratulate everyone involved in the successful integration of Parex. After we closed the acquisition in May 2019, the integration is now officially completed. There are 23 countries with fully integrated teams that are working together to achieve great results.

We have exceeded our synergy guidance and delivered CHF 55 million annual synergies in 2020. The integration of nine brands is completed and 22 brands are with dual branding in the brand transitioning process and will be fully integrated in two to four years. We are preparing for further acquisitions and our teams are ready for the next major acquisition.

With Parex we have proved that we can do a fantastic job - let's do it again!

PAUL SCHULER  
CEO

« The process of integrating Parex into Sika has been a very exciting journey, and has left a lasting change in Sika. Not only have we created a new Target Market, that is now the largest TM in Construction. Many of the success criteria and best practices from Parex have been adapted and make up the foundation of this new Target Market. In addition, thanks to Parex's strength in tile adhesives, our position in Distribution, in particular in the Floor Covering Category has been significantly strengthened. Lastly, the learnings from this integration process is already helping us in other acquisition efforts, and I am sure will continue to do so in the future. »

PHILIPPE JOST  
Head Construction

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# THE SIKA SPIRIT – FAST AND SUCCESSFUL INTEGRATIONS

## LONG-TERM EMPLOYEES THAT JOINED THROUGH ACQUISITIONS

Acquisitions are an important talent pool for Sika. Employees from acquisitions have great career opportunities with Sika and are, due to their expertise, often appointed to Senior Management functions.



**JOHN HEFFERNAN**  
V.P.  
CORPORATE CONTROLLING,  
SIKA USA

12 YEARS WITH RMAX AND SIKA

"I joined Sika Corporation in January 2017 through the Rmax acquisition. Prior to Sika, I was Chief Financial Officer for Rmax. With the legal

merger of Rmax into Sika Corporation in 2019, I was promoted to Vice President Corporate Controlling and subsequently relocated from the Rmax headquarters in Dallas, Texas to the Sika USA corporate office in Lyndhurst, New Jersey.

Sika's acquisition of Rmax was an important step that helped to further distinguish Sika as the preferred total building envelope solution provider. With most acquisitions, it is difficult to quickly integrate and leverage the benefits, however, with Sika it quickly became clear that this was going to be different. **The Sika Spirit was evident with all involved helping to make this a very successful transition with everyone working together as a team. The future continues to be exciting for Sika as it continues to expand and leverage its unique Sika Spirit to achieve success.**"

**CHRISTINE JONES**  
REGIONAL COMMUNICATIONS AND MARKETING MANAGER EMEA

16 YEARS WITH LIQUID PLASTICS AND SIKA

"I joined Liquid Plastics, based in Preston in the UK, in 2004 as PR Executive, later becoming PR and Corporate Communications Manager. When we were acquired by Sika in 2009, I created and implemented a communications plan to successfully guide the company through the acquisition process. Following a 6-month assignment as Brand Manager in the Corporate Communications team in Switzerland in 2014, I took on the role of Corporate Communications Manager responsible for global social media and internal communications. After nearly five years in Baar I moved into my current position in the region EMEA region.

The acquisition of Liquid Plastics gave me an opportunity to develop, both personally and professionally, that would not have been possible at Liquid Plastics. I've also made many excellent connections, and great friends, from all over the Sika world. **For me the Sika Spirit is not tangible, it's something that comes from the people at Sika. Every colleague I meet and every Sika office I visit always has the same warm welcome, like going home. We might be located in 100 different countries, but we are one big family all working towards the same goal.**"



**MARIUS MAVRODIN**  
EXECUTIVE VICE-PRESIDENT – TM BUILDING FINISHING, SIKA USA  
26 YEARS WITH AXIM/ITALCEMENTI GROUP AND SIKA

"Following a 16-year career with Italcementi Group, I joined Sika in the US through the acquisition of Axim in 2011. Today, I manage our newest Target Market Building Finishing in the US and am deeply involved with the integration of Parex. My journey over the past years is interesting and non-linear, and more that I could have ever imagined or believed possible. **After 18 years in Concrete Admixtures operations, marketing, sales and management, my onward career prospects looked to me as if they would remain on the same track. Fortunately, at Sika that was not set in stone** and in 2014 I earned a promotion to Vice President Aftermarket in Target Market Industry. I was fortunate to work with incredibly talented people that allowed me to grow and succeed within a new business unit. Fast forward 3 – 4 years, I changed directions once again and moved to the Asia/ Pacific region as General Manager Sika Vietnam. I returned from Vietnam in April 2020, started in my current role and moved to California. **With all that happening in the past 10 years, I truly look forward to the future.**"



**TARU NIEMINEN**  
GENERAL MANAGER SIKA FINLAND

16 YEARS WITH CASCO-SCHÖNOX AND SIKA

"My route to Sika began with the company Casco-Schönox, which I joined in January 2004. In autumn 2013, Casco-Schönox was acquired by Sika and I became General Manager for both companies in 2014. At the end of that year, Casco-Schönox was integrated into Sika. We at Casco-Schönox were happy that the acquiring company was Sika because we knew it to be a big and innovative company with good quality products. The Casco-Schönox product portfolio was a good fit to expand the market share of both Sika and in Casco products.

**At Sika we have a good team spirit and we support each other to work towards common goals. And that I think is a strength we can be proud of: the many meanings of Sika Spirit."**

**WERNER SCHWERDT**  
HEAD OF DISTRIBUTION AND TM SEALING & BONDING, BUILDING FINISHING, SIKA GERMANY

30 YEARS WITH SCHÖNOX AND SIKA

**"The Sika Spirit helped a lot to integrate Schönox into Sika.** Schönox was acquired by Sika in 2013. This was a perfect match, because Schönox enlarged the product portfolio and technology know-how with its cement- and gypsum-based powder products. It was very easy for me to become a part of Sika. Still today I'm impressed by the flat hierarchies, the open, helpful and easy way to communicate with each other and the combination of result-oriented and problem-solving culture. **I felt the 'Sika Spirit' right from the start in my first contacts with the top management and I was impressed by the willingness to understand our business and products. The 'Sika Spirit' enabled me to build up an international network very quickly, which helped to expand the Schönox technology know-how within the group and facilitate the understanding of Sika and its products.**

The Sika Spirit also helped us to increase our turnover in the same target customer groups and combine the product portfolio of Sika and Schönox, delivering added value for the customers. Today, the old Schönox team wears 'yellow' and lives the Sika Spirit in one Distribution Team in Germany called "Sika Handel Bau" selling the two brands Sika and Schönox."





Thailand: Supplementing of Sika's portfolio with Lanko/Davco products in Thailand.

# PAREX INTEGRATION SUCCESSFULLY COMPLETED

Since May 2019, Parex is part of Sika. 24 country entities joined the Sika family and 23 of them are now fully integrated. Annual synergies of CHF 100 million have been identified, of which CHF 55 million are cost synergies and the revenue synergies are from 500+ cross-selling initiatives all over the world. In the full year 2020, total synergies of CHF 55 million were achieved and Sika is well on track to achieving its full synergy potential over the two coming years.

These results are solid proof of the fast and successfully completed integration. They are the results of a focused organizational setup, excellent integration teams on a local, regional and corporate level and 23 combined teams in the countries. In this edition of the Integration Newsletter we want to highlight the full system approach in our new Target

Market Building Finishing, and how through this approach revenue synergies are achieved, the teamwork of the Global Procurement and Operations teams in this integration, and several Digital Marketing success stories from Parex as well as other acquisitions.

## PAREX REVENUE SYNERGIES - FULL-SYSTEM APPROACH TO SERVE OUR CUSTOMER NEEDS

With the integration of Parex, Sika has become a true system seller. Profiting from the strong expertise in tile setting materials and plasters, thermal insulation and decorative finishing for the wall and facade segment, Sika has now expanded and rounded out its previous product portfolio in many countries to offer the best system solutions to our customers.

### KEY SUCCESS FACTORS

The creation of the optimal product range is based on the collaboration of a diverse team of specialists from marketing & sales, technical department, R&D and operations. The local teams are supported by regional and corporate experts. The fast integration of our Parex colleagues into the organizational structure is a key element of success in order to analyze the product portfolios and define business plans, along with decision-making on brand integration, and thereby create and complete our product ranges, including the sharing of expertise - both internally and with our customers.

### COMPLEMENTARY PRODUCTS FOR FULL-SYSTEM SOLUTIONS

Sika's system solution for tile installations in wet rooms is a perfect example of rolling out the joint expertise. Many Sika countries were able to complete their ranges with new and innovative products to offer the best solution to their customers. Many products have already been integrated into the Sika product portfolio or are sold as complementary products in Distribution or directly to the customer.



Mexico: Opportunities with the new range of SikaCerem® Tile Adhesives.

### Qatar: FROM BASEMENT TO ROOF

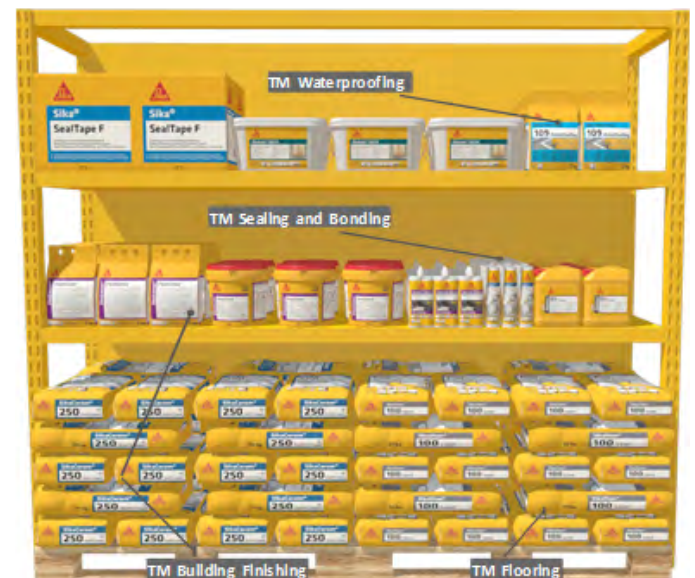
In Qatar, Sika has a strong presence in the substructure waterproofing business, whereas Parex was strong on the mortar side. The restructuring of the organization based on the Target Markets and a strong key account management enables to now offer customers the full product range from "Basement to Roof" - from waterproofing membranes to plasters and tile adhesives.

### UK: A NEW RENDER BEAD ADHESIVE

Profiting from the company's joint sealant and adhesive know-how, Parex UK was able to launch a new render bead adhesive offering the applicators superior bonding technology to complete the portfolio of renders, coatings and ancillary products for render and facade systems.



Wet room: Full system for tile installations with joint expertise.



# ONE YEAR TARGET MARKET BUILDING FINISHING

Interview with Eric Lempereur, Head Corporate Target Market Building Finishing, on the main moves of the new Target Market Building Finishing, the latest product releases and the future plan.



## THE NEW TARGET MARKET BUILDING FINISHING CELEBRATED ITS ONE-YEAR ANNIVERSARY IN AUTUMN 2020. WHAT HAPPENED DURING THIS FIRST YEAR?

Building Finishing achieved strong organic growth in 2020 thanks to both a resilient home renovation market in these turbulent times, and market penetration projects.

Sika Building Finishing Teams were set in place at corporate and regional levels in order to support growth initiatives in all regions. As the overall integration process of Parex and Adeplast is progressing quickly, Sika's products and systems portfolio is expanding along with opportunities for cross-selling and sharing on best demonstrated practices.

In 2020, Sika has reinforced its position as a global leader in Building Finishing.

## WHAT ARE SIKA'S MAIN MOVES IN BUILDING FINISHING?

Our growth roadmap is relying on three pillars which are rolled-out by the teams:

- Starting Building Finishing activities in Sika countries that were not yet active or only moderately active in this Target Market.
- Reinforcing existing country efforts through experience sharing, complementing the products range as well as cross-selling from other Target Markets in order to provide our customers with comprehensive and proven products systems.
- Contributing to innovation and new products launches, supporting domestication in focus countries.

## WHAT NEW PRODUCTS IS SIKA LAUNCHING IN BUILDING FINISHING?

Sika aims to develop new Building Finishing products that address the needs for easy yet durable application on jobsites, improved sustainability, and contributing to the overall performance of a system designed by Sika, such as for tile setting in wet rooms or restoring and protecting old facades.

## HOW DO YOU SEE THE FUTURE FOR THE TARGET MARKET BUILDING FINISHING?

The new Target Market Building Finishing will continue to deliver solid growth in the upcoming years. Thanks to its presence in over 100 countries and owing to its unique portfolio of products and technologies, Sika is well positioned to increase its market penetration for drymix mortars such as tile adhesives & grouts as well as wall leveling and finishing in fast-growing countries, and to meet the growing demand for home improvement products.



New high-end and decorative tile grouts launched in 2020.



New SikaTile® range launched in the USA with 19 new products in January 2021 complementing existing SikaLevel® & Sika®MB flooring surface preparation systems.



NEW FACADE RENDER SYSTEMS  
Opportunities with new SikaWall® products e.g. in Norway.



COMPLETE PRODUCT RANGES  
Combined product offering for full-range approach.  
New ready-to-use skim coat SikaWall®-603 Acrylic in Malaysia.



Facade reference project in Chongqing, China.



NIWA Varves, France – Architects: KENGO KUMA & ASSOCIATES.



Les Studios de Danse de Biarritz, ZAC Kleber (64), Biarritz – France. Photo: Samazuzu Architectes



California State University Long Beach, USA.

# FACADE PROTECTIVE AND DECORATIVE FINISHES

Thanks to past acquisitions including Parex, Adeplast, BMI and KVK, Sika has grown to become one of the market leaders in facade solutions worldwide. Facade finishes are the visible final coat in facade systems and play both a protective functional and aesthetic role. While facade systems reinforce Sika's overall expertise in building envelopes, Sika facade teams have also developed extensive know-how and a wide selection of textures and colors for a large portfolio of mineral and organic renders and coatings.

## FACADE FINISHING SOLUTIONS FOR ALL TYPES OF BUILDINGS AND WALL SUBSTRATES

Sika offers one of the most comprehensive portfolios of facade technologies and finishes in the industry for new housing and non-residential building-facade protection, decoration and insulation as well as for home renovation and restoration of heritage buildings.

## NEW PRODUCTS BASED ON A WIDE RANGE OF TECHNOLOGIES AND OFFERING INNOVATIVE FINISHING LOOKS

Sika has recently launched many different new solutions for facade and walls: from jobsite facilitating 3-in-1 mortars for Exterior Insulation Finish Systems (basecoat, adhesive and finish with a mineral aspect) to highly durable renders and coatings that are water and dirt pickup-resistant and self-cleaning through photocatalytic effect.

## EXPERTISE IN COLORS AND TEXTURES

The color expertise and tinting library developed over many the years on all continents is one of the pillars of Sika's fa-

cade expertise. With three main facade color laboratories in France, China and the USA as well as local color laboratories in many countries, Sika has a full set of resources to develop new colors and textures and provide rapid color matching service to its customers.



Facade color laboratory – Lyon, France.



Sika Parex Americas Procurement Team.



Sika Parex China Procurement Team.

# PAREX PROCUREMENT SYNERGIES

From a procurement standpoint, the integration process with Parex has been successfully completed. One of the key success factors has been the immediate collaboration across Sika and Parex teams at the global, regional, and country level. Thanks to great teamwork and alignment, Procurement was able to lower costs, achieving synergies of over CHF 14 million on an annual basis.

Another important pillar of these efforts was the organizational integration. Bringing two teams together also means bringing two different company cultures together. Overcoming these challenges was essential in order to successfully target projects that deliver quick wins. Furthermore, the foundation for the future has been built, on which the two

procurement teams of Parex and Sika have efficiently merged and complement each other.

In addition to the points mentioned above, spending transparency, tools and processes as well as reporting guidelines have been adapted to Sika procurement standards, leading

SIKA PROCUREMENT TEAMS PROUDLY LOOK BACK AT AN EXTRAORDINARY INTEGRATION JOURNEY AND THANK EVERY TEAM MEMBER FOR THEIR VALUABLE CONTRIBUTION. THE INCREASED MARKET PRESENCE STRENGTHENS OUR FUTURE POSITION IN PROCUREMENT.

INTEGRATION COMPLETED

GREAT TEAMWORK

ANNUAL PROCUREMENT COST SYNERGIES OF CHF 14 MILLION

to fully integrated Parex entities. A Senior Category Manager fully dedicated to managing the main raw materials for Building Finishing products has been appointed. Going forward, this will further support and enhance collaboration across all regions and strategically drive business growth.



New mortar factory in Chengdu, China.



New mortar plant Australia.

# IMPROVEMENT OF FACTORY AND SUPPLY CHAIN FOOTPRINT IN ASIA/PACIFIC

The acquisition of Parex has given Sika the opportunity to further optimize its production footprint. This is the basis for future growth.

In many countries, additional investments have been made to extend and upgrade both Sika and former Parex factories or warehouses in order to improve the supply chain within and between countries. Efficient production and being close to the customers are key drivers for success.

In the region Asia Pacific for example, thanks to the strong combined factory footprint, many moves have already been implemented or are currently underway:

- Sika Malaysia is in the process of upgrading its factory in the South in order to better serve the customers in Singapore. With this move, there will be two large anchor factories for the Singaporean and South Malaysian market.
- In Thailand, powder production was consolidated at one single location to enhance efficiency and better utilize production capacity.
- In China, the Sika team has leveraged the momentum and heavily invested in new factories or added new

production lines into existing factories. Some of these investments are for the joint benefit of the Sika traditional product portfolio as well as the Building Finishing materials from Parex.

- Sika Australia has just opened a new factory in the Western part to replace an older facility, creating in an efficient supply chain for the customer base in this area. What's more, production and supply chain complexities were successfully reduced at the Victoria and Queensland factories by reallocating, and the anchor factory in New South Wales is being upgraded for the mortar and liquid business.

Many moves and investments are also linked to Sika's sustainability strategy and efforts. One example is the optimization of sand handling and drying systems in mortar plants. In Malaysia and Singapore, for instance, two state-of-the-art mortar factories are being equipped with the latest sand drying technology to reduce the CO<sub>2</sub> footprint.

# PULSE CHECK SURVEY

When integrating companies, it is important to understand what the employees feel about it, what they think about the processes put in place, and to know if they see some risks that the integration teams have not seen.

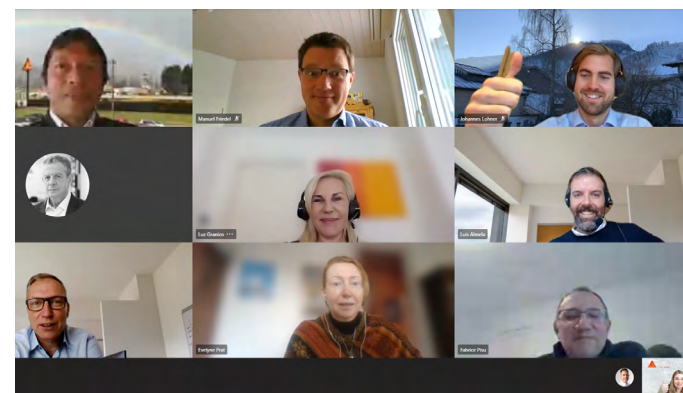
This past November, Sika carried out its second Parex pulse check survey, one year after the first one. Sent to more than 700 employees, the purpose was to check if improvements could be seen, and if the level of satisfaction was holding firm.

Here are some of the exciting results:

**93%** BELIEVE THEY HAVE THE REQUIRED PEOPLE CAPABILITIES AND RESOURCES TO ACHIEVE THE SYNERGY AMBITION AND ACHIEVE SUCCESSFUL INTEGRATION, WHILE ONLY **84%** BELIEVED SO A YEAR AGO.

A YEAR AGO, **58.2%** OF THE RESPONDENTS NEEDED MORE CLARITY ON WHO DOES WHAT IN THE INTEGRATION. IN THE RECENT SURVEY, THEY REPRESENT ONLY **31.5%** OF THE RESPONDENTS.

This shows that time and effort are key components for successful integration, and Sika will continue to monitor the employees' perceptions on a regular basis.





# DIGITAL SUCCESS STORIES FROM AROUND THE WORLD

In this unusual yet special year 2020, direct contacts were limited. Many of our activities moved to digital. It was a great opportunity to leverage the past acquisitions' expertise and to develop our internal competencies

## SOCIAL MEDIA AND DIGITAL COMMUNICATION EXPERTISE OF REVEAR IN ARGENTINA

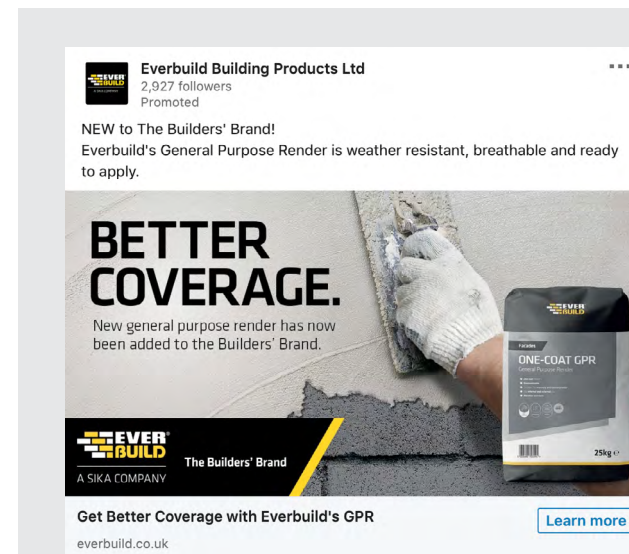
Nowadays, the best way to reach out to homeowners and end-users is to use social media. With more than 105,000 followers on Facebook and more than 41,000 followers on Instagram, Revear is one of the Sika brands with the highest activity on social media – more than 41 million people were reached in 2020. To ensure the new way of communicating, an online assistant chatbot was launched, which has already helped more than 8,000 people to get answers to their questions quickly.

The expertise of the Revear team in digital communication has been a competitive advantage during the COVID crisis.



The Sika team in Argentina as well is very active on social media and has also developed communications targeting homeowners, launching the campaign “The Sika Minute” with short videos explaining in less than one minute how to solve common issues with Sika products. This campaign was a huge success, with close to 20,000 hours of views on YouTube.

The exchange of good practices between Sika and Revear allows both brands to be dynamic on social media and to increase the brand awareness among the customer group homeowners.



## BROAD RANGE OF DIGITAL ACTIVITIES OF SIKA EVERBUILD IN THE UK

Back in 2013, Sika acquired Everbuild Building Products Ltd, UK's largest independent manufacturer of sealants, adhesives and construction chemicals, with a strong position in professional distribution and DIY channels.

Sika Everbuild is very active on digital activities. For instance, Sika Everbuild is partnering with “On the tools”, the largest social media page specializing in producing content for the trade and construction industry with over 4.2 million followers. The Sika Everbuild product related information on there has been viewed 1.1 million times and reached over 3.6 million people in 2020.

Sika Everbuild is also in the process of building greater relationships with YouTube influencers who produce content for the construction and DIY industry.



## Finally, social media and Google advertising campaigns support the launch of new products.

Digital learnings that are leveraged in Sika:

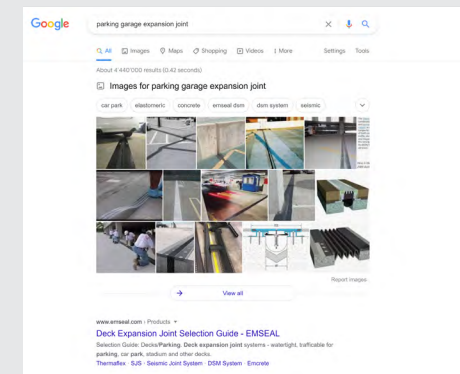
- Customers engage with multiple types and formats of content and it is much easier to incorporate this digital activity
- Digital activities, especially social media, let us communicate directly with the end user customers, especially through social media
- Monitoring of initiative performance to improve future campaigns

## STRONG WEBSITE AND SEO STRATEGY OF EMSEAL IN THE USA

Sika Emseal realized very early how important it is to have a strong digital presence. That is why Emseal focuses on a strong, continuous SEO strategy and website buildup.

The Emseal website usually is the first to appear in response to a generic search term on Google and the website delivers a complete solution. In this way, the brand becomes linked to success in the mind of the user. The website appears on the first page, ideally in the top half of organic Google search results for many generic search terms and often occupies multiple of the top ten results and types of results.

Architects, owners and contractors regularly complement the Emseal website for completely depicting products in their real-life applications and for providing every tool needed to specify and detail the solutions in their constructi-



on documents. A recently added “Frequently Used Together” feature emerges from the bottom of product pages and links to other Emseal products and also to Sika products on the Sika USA website.

**STRENGTHENING TILERS' LOYALTY DURING COVID-19 WITH ONLINE TILER COMPETITIONS**

Despite COVID restrictions, Sika China and Sika Argentina have increased their tilers' loyalty through training sessions and tiler competitions. This year's circumstances required a move to online formats which were extremely successful.

In China, the Davco brand showed agility by holding several online tiler competitions with more than 3,700 tilers taking part. In total 3,200 videos were posted which were viewed over 120 million times in the first three months. In December, Sika BFM China was finally able to hold its final competition in Chengdu, and to gather the best regional tilers for this big event. Like every year, it was a great brand building event which strongly strengthens the tilers' loyalty.



In Latin America, Sika Argentina under the Klaukol brand organized a series of four 30-minute Facebook live trainings sessions which were viewed on average by nearly 200,000 people each time. At the end of each session, Sika Argentina organized a summary test to preselect the best tilers of each section for the final of the online tiler contest, which was held in December.



**E-COMMERCE SALES RECORD ON THIS YEAR'S DOUBLE 11 IN CHINA**

**THE TEAM IN CHINA ACHIEVED EXCELLENT RESULTS, WITH TOTAL NET SALES INCREASING BY 54%.**

**SIKA RETAIL MANAGEMENT TOOL IN THE REGION ASIA/PACIFIC**

Digital activities can take many forms: direct interactions with end users thanks to social media, efficiency in the supply chain, and lead generation, among others. But digital tools can also help Sika to better understand its distribution network, and the interactions between shops (retailers) and distributors to better drive our business.

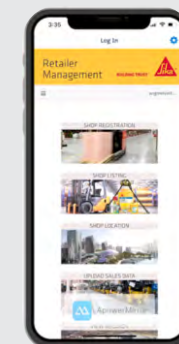
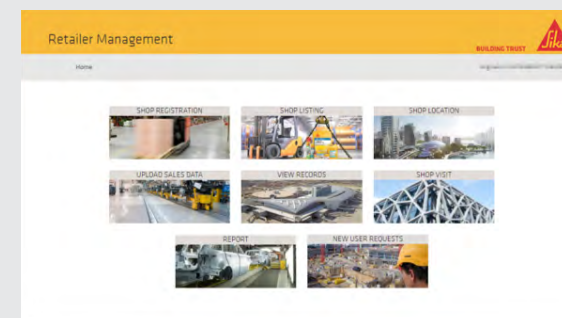
As such, Sika Asia/Pacific developed Sika Retail Management (SRM), inspired by the tool used by Davco in China, which is being implemented across the region.

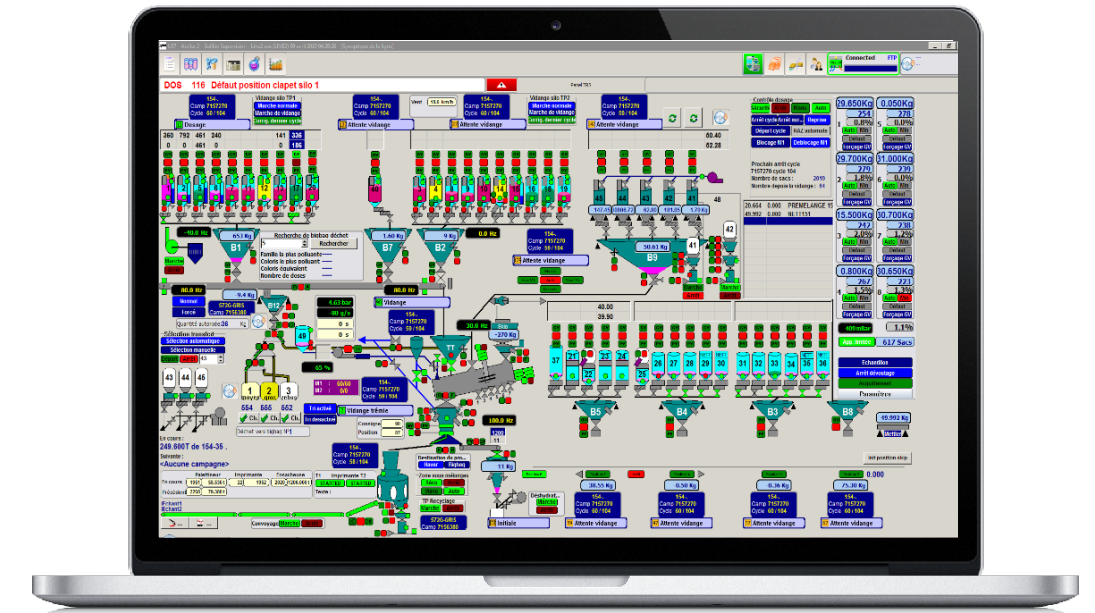
Thanks to the Sika Retail Management application, Sika sales persons and distributors' sales representatives are able to enroll the shops that are selling Sika products, identify

which product are being offered, spotting opportunities to increase market penetration, in each shop and in each area.

SRM also helps both distributors and Sika sales force to monitor their daily activities, and to define efficient promotional activities. This tool supports as well the synergy creation between the different acquired brands and Sika. Knowing the distribution network of one brand or the other better helps to identify cross-selling potential.

As of today, China, Indonesia, Vietnam and Cambodia are using the tool, and more countries are set to follow. This tool is a great example of good practices inspired by acquisition and further developed by Sika!





Example view of SCADA in Galileo.

# DIGITALIZATION FOR OPERATIONAL EFFICIENCY – THE GALILEO TOOL

With the acquisition of Parex, Sika also acquired know-how in the area of plant digitalization, supporting operational efficiency right down to the shop floor: namely a software program called Galileo that is widely used at the vast majority of Parex production sites.

Galileo is used as an industrial management tool for production and operational efficiency monitoring. It provides insights on production via automatic data collection in real time on a local, regional and global level from all existing SCADAs, PLCs, historical servers, and any other production process-relevant data source.

The system was originally developed many years ago and installed as a machine software in some sites in France. Based

on this, additional layers were developed over the years and implemented step by step.

So, although it is called Galileo in the singular, as a matter of fact it is made of multiple elements which allow for different levels of installation and can be custom-adapted to local needs.

As of 2020, Galileo is widely used at Sika locations. Not all of them have the same exact system in place and each one uses it in a slightly different way. Basic installation considers just the machine software. The next level allows for data acquisition, big data and analytics. In addition, there are also some Galileo modules which are used at some sites but are now available and integrated in standard ERPs.

Galileo allows the standardization of operational terminology and data analysis in all production sites, improves quality, maximizes utilization and efficiency of equipment and increases productivity. It is also possible to perform a productive benchmark study between various sites.

Analysis of these data enables users to quickly and easily identify bottlenecks on production lines, and therefore guide capital investment, develop action plans, and monitor results.

Experience has shown that implementing Galileo in a production line increases productivity by some 30%, at low investment costs.

Opting for Galileo as the reference production tool enabled Sika to quickly implement a highly automated, reliable and efficient tool that is continuously undergoing improvement.

Furthermore, with Parex and Sika being successfully integrated, Sika can leverage Galileo to achieve its strategic targets.

Examples of data which can be collected and made perfectly legible and usable:

- DETAILED PLANT LEVEL AUTOMATIC KPIs
- PERFORMANCE INDICATORS / ALARMS
- HISTORICAL SERVER
- PRODUCTION BOTTLENECKS AND DOWNTIMES
- EVENT INFORMATION AND PRODUCTION CHARTS

### KEY FACTS:

GALILEO CONTRIBUTES TO THE STRONG DEVELOPMENT OF SIKA BFM AND DAVCO CHINA

REMOTE CONTROL COMMISSIONING WITHOUT PHYSICAL PRESENCE OF ENGINEERS IN LESS THAN ONE WEEK (LESS COST AND STILL POSSIBLE TO START LINES DURING COVID)

MAXIMUM EFFICIENCY AT VERY EARLY STAGE DUE TO CONTINUOUS DEVELOPMENT PROCESS IN PLC (20 YEARS) AND OPERATORS ALREADY TRAINED IN OTHER PLANTS

# ACQUISITIONS AS GROWTH PLATFORM IN THE USA

Interview with Rick Montani, General Manager Sika USA, on the perfect integration process and the success factors of integration.

**WITH ALL THE RECENT ACQUISITIONS IN USA, HOW DO YOU HANDLE THE INTEGRATION PROCESS? HOW DO YOU ENSURE TO KEEP THE BEST OF THE ACQUIRED COMPANIES?**

The first order of business is we need to make sure the company can continue to do its business and take care of its customers from day one. If the company is successful already, we surely need to keep it on the successful path. During due diligence, we are already preparing for day one when we will own the company and need all essential business functions to be continuing. In particular, of course the financial processes must be prepared to function smoothly with the change in ownership. But overall priority is given to all “customer-facing” parts of the business, which need to be well prepared to ensure no disruptions or confusion for the customers.

Just as important, we must realize if there is high uncertainty for the people in the newly acquired company. Therefore, on day one we always welcome the new employees and introduce them to Sika and explain why Sika wanted so much to acquire the company! We welcome them to the Sika family – with a celebration atmosphere – and introduce the people to current Sika Managers, many who themselves came to Sika via acquisition, who can talk and share their experiences. The former owners are often a part of this welcome meeting to help set the stage for a good transition.

We also introduce key Sika Managers who will be part of the integration, but if the company is a successful one, we make sure to emphasize this and explain that we count on them to keep doing business as usual, taking care of the customers. We also share some Q&As to help answer any questions customers may have regarding Sika as the new owner.

**WHAT ARE THE MAIN CHALLENGES YOU HAVE FACED DURING THESE INTEGRATIONS?**

Change is the main challenge. The people coming to Sika do not know Sika the way we do. All the PowerPoint presentations in the world will not give them the understanding of our culture and the way we work and conduct our business. This takes time. First, we present and discuss in welcome

meetings and later over time they must meet and interact with Sika people themselves to really begin to understand the great company we are.

We are acquiring companies because we see “synergies” that can be achieved by combining the best of both companies. When we communicate this well, it creates tremendous excitement and enthusiasm.

But this communication of change is also a challenge. And this needs to be done with good overall leadership, from the General Manager and Integration Manager, along with a strong, consistent message being communicated across all functional areas. Many meetings and teams are formed to discuss detailed integration plans for Sales/Marketing (incl. cross selling), Operations, R&D, HR and Admin details which are very important to share with key people in the newly acquired company as early as possible to alleviate concerns and prevent rumors. This consistency in communication is vital. Poor or inconsistent communication and mixed messages

## 9 ACQUISITIONS IN THE USA SINCE 2015

will raise concerns with the new people and can distract them from the business and lead to retention problems.

**WHAT ARE THE MAIN BENEFITS SO FAR?**

Each acquisition brings talented people to Sika and know-how we do not currently have. The companies and their people bring us new ways of doing things and new ideas that can be leveraged across Sika’s Target Markets and functional departments. These new ideas and these talented people bring the most benefits to Sika.

But as mentioned, we need to keep these good people, so in the integration time period it is critical to make sure we keep these talents. They have to get to know Sika and feel our strength over this period to begin feeling secure about their future as part of a new company.

There are more benefits we have gained. Many acquisitions bring new technologies to Sika. By acquiring this expertise and know-how, Sika is able to move quickly and use these



technologies to grow faster. Our innovative culture makes us very strong at realizing how these new technologies can enhance the existing strengths of Sika and drive synergies for the future.

2015	2015	2016	2016	2017	2017
<b>AXSON TECHNOLOGIES INDUSTRY</b>	<b>BMI MORTARS</b>	<b>L.M. SCOFIELD CONCRETE</b>	<b>F.R.C. INDUSTRIES CONCRETE</b>	<b>RMAX OPERATING ROOFING, BUILDING ENVELOPE</b>	<b>BUTTERFIELD COLOR CONCRETE</b>
<ul style="list-style-type: none"> <li>World leader in high-performance resin formulation on epoxy and polyurethane polymer basis</li> <li>Application areas: tooling and prototyping, composites, electronic potting</li> <li>Industries: automotive, transportation, marine, renewable energy, and construction markets</li> <li>Provides global platform with international production and distribution network</li> </ul>	<ul style="list-style-type: none"> <li>Excellent production platform with comprehensive range of mortar products</li> <li>Expanding production footprint and product offering in the fast-growing Californian market</li> </ul>	<ul style="list-style-type: none"> <li>US market leader for concrete color additives (ready-mixed concrete) and decorative treatments for refurbishment</li> <li>Supports strategy to add new technologies to complement existing portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Producer of high-quality synthetic polypropylene fibers for concrete</li> <li>Strong growth trend for concrete fibers in the US, out-pacing overall construction growth</li> <li>Expansion of portfolio enables Sika to reach new customers and to better penetrate key projects</li> </ul>	<ul style="list-style-type: none"> <li>US market leader in the production of polyiso insulation products for complete Building Envelope solutions (roofing and wall systems)</li> <li>In-house production in three plants with good geographical coverage</li> <li>Enables Sika to offer complete roofing and facade systems – one source, one warranty</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturer of decorative concrete floor products and systems</li> <li>Wide range of colors and sealers, innovative tools for stamping and texturing</li> <li>Positions Sika with unique and most comprehensive range of solutions for concrete contractors in North America</li> </ul>

And many acquisitions bring Sika access to markets we could not reach before, like new contractors, new distribution partners, retail business expertise, etc. We can leverage this access and bring more Sika products to new customers and grow our business this way.

New ways of doing things, new approaches to operations and supply chain, new marketing initiatives – the range of benefits is wide and always a bit different for each acquisition we make. As one good example: over 10 years ago we acquired Greenstreak, a great company with strong engineered waterproofing expertise. But in addition, they brought to Sika fantastic know-how and processes using Salesforce.com as a CRM system that was quickly adopted and spread across our entire company! This happened much faster than we could have done on our own.

**WHAT WOULD YOU SAY IT TAKES TO MAKE AN INTEGRATION SUCCESSFUL?**

It starts with selecting wisely up front the companies we want to acquire. Then, there must be good planning and a good Sika team organized during due diligence to identify where the opportunities and challenges will come from.

Integration planning begins even before due diligence. We must from the beginning see a good fit, then go into the due diligence process thinking about integration right from the start. This cannot wait until the transaction is closed, be-

cause the business must be ready to function on day one, and the new employees must have answers to their most basic questions.

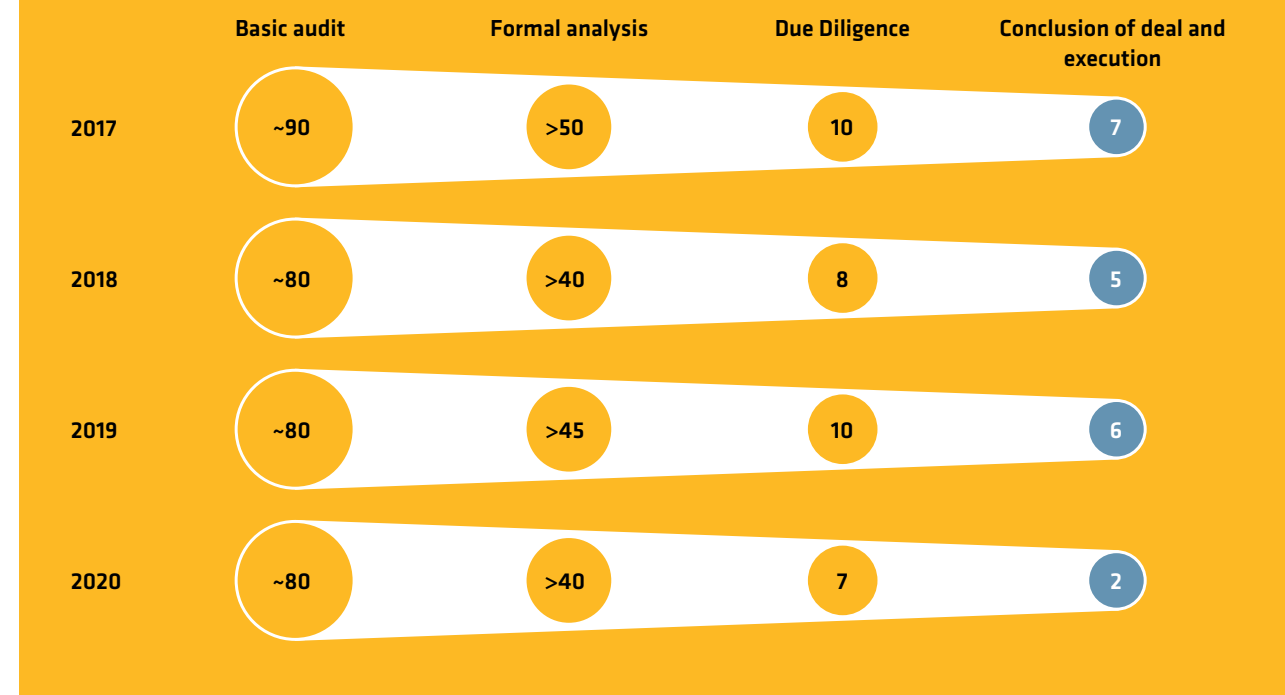
Along with this, a strong Integration Manager is needed. This could be the General Manager or Target Market Head or other, but the new people need to understand who is in charge and how their existing company management will work with the Sika management team. And this is where the communication is so vital from the beginning and consistently across all departments. It is important to constantly reinforce the reasons why Sika wanted to acquire the company, and why we are so excited about our future together!

Finally, we must be open and clear that change is difficult but inevitable. The new company is now part of Sika, and there will be changes in the future. Business processes, ERP systems, branding, to name a few – things will change over time. But, what cannot change is the success of the acquired company and the way we take care of our customers.

And we need to constantly reinforce – and utilize – the new opportunities for growth and synergies that Sika brings to this newly acquired company that is now part of the Sika family.

# SYSTEMATIC IDENTIFICATION OF ACQUISITIONS

Acquisitions have formed a strategic pillar of Sika's business for many years. Potential takeover candidates are identified and analyzed as part of a clearly structured process. Only a few fulfill the high requirements.



Systematic identification of acquisitions.

<p><b>2017</b></p>  <p><b>EMSEAL JOINT SYSTEMS SEALING &amp; BONDING</b></p> <ul style="list-style-type: none"> <li>■ US industry leader in development and manufacturing of structural expansion joint products for new construction and refurbishment</li> <li>■ Extensive cross-selling opportunities for other Sika technologies</li> <li>■ Reach new contractor customers and better penetrate key projects</li> </ul>	<p><b>2018</b></p>  <p><b>FAIST CHEMTEC INDUSTRY, AUTOMOTIVE</b></p> <ul style="list-style-type: none"> <li>■ Leading manufacturer of high-performance engineered, structure-borne acoustic solutions for automotive industry</li> <li>■ Faist ChemTec's innovations are driven by megatrends, such as increased need for comfort and lightweight construction of vehicles</li> <li>■ Manufacturing footprint supports the aim to achieve global reach combined with local presence when serving customers worldwide</li> </ul>	<p><b>2019</b></p>  <p><b>PAREX BUILDING FINISHING</b></p> <ul style="list-style-type: none"> <li>■ Leading manufacturer in facade and tile systems</li> <li>■ Facade/EIFS business connects well with Sika's wall insulation business</li> <li>■ Growth platform and starting point for penetration in the US tile adhesives market</li> <li>■ Parex benefits from Sika's cross-selling and specification selling activities</li> </ul>
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Acquisitions have formed a strategic pillar of Sika's business for many years. The construction chemicals market is heavily fragmented, with its ten largest players together accounting for a market share of less than 40%. This opens up huge opportunities for Sika because size does matter more and more as legal requirements become stricter and customers in the building sector become increasingly international.

Each year, Sika scrutinizes more than 70 potential takeover candidates. Only very few of them satisfy Sika's rigorous requirements. Selection follows clearly defined criteria. For a company to be a good fit for Sika's growth strategy, it needs to fulfill at least one of three criteria: market access for Sika products is improved, the company enjoys a strong position in individual markets which Sika is unable to build up itself over the short term, or it possesses outstanding technology that logically complements the Sika product portfolio.

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